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# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

May 19, 2015

23 OF MAY 19, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**REQUEST APPROVAL TO DELEGATE AUTHORITY TO AMEND  
AGREEMENTS  
WITH CERNER CORPORATION AND GARTNER, INC.  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ( )  
DISAPPROVE ( )**

**SUBJECT**

Request Board approval to delegate authority to the Director of Health Services to: (a) amend the Agreement with Cerner Corporation for the provision of an Electronic Health Record System for the Department of Health Services, and (b) amend the Agreement with Gartner Inc. for the provision of project oversight and quality assurance consulting services associated with the implementation of the Electronic Health Record System.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority to the Director of Health Services (Director), or his designee, to execute amendments to Agreement H-705407 (Agreement) with Cerner Corporation (Cerner) for the provision of an Electronic Health Record System, also known as the Online Realtime Centralized Health Information Database (ORCHID) to revise the date of any "Go-Live" date, task, deliverable,

or event in all remaining Clusters, if determined by the Director to be in the best interest of the ORCHID Project and the County of Los Angeles (County) on condition that such revisions together do not cause the “Go-Live” at the last Department of Health Services (DHS) facility to occur any later than June 1, 2016, with all amendments subject to review and approval by County Counsel and the Chief Information Office (CIO), and with notification to the Board and Chief Executive Office (CEO).

2. Delegate authority to the Director, or his designee, to modify or waive the indemnification and insurance requirements of the County's standard subcontracting and license provisions, including as set forth in Exhibit DD (Form Subcontractor Agreement) of the Cerner Agreement, with respect to Cerner Subcontractors and third-party licensors, on condition that Cerner and its Subcontractors' and licensors' obligations and accountability to County are not materially diminished by any such modifications and provided that the Director, after consultation with County Counsel, outside counsels, and the Chief Executive Office (CEO)-Risk Manager, determines the risk of such modifications are outweighed by the ORCHID objectives to be achieved.

3. Delegate authority to the Director, or his designee, to amend Agreement H-705792 with Gartner Inc. (Gartner) to increase the maximum Agreement Sum by \$1.5 million for consulting services related to project oversight and quality assurance to support implementation of ORCHID.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

### **Background on ORCHID Implementation Order**

The sequencing of the “Go-Live” dates for each Department of Health Services (DHS) facility was established during contract negotiations with Cerner and incorporated into the Agreement which the Board approved on November 27, 2012. At that time, the DHS Information Technology (IT) structure involved six separate Affinity “instances”, including four IT facilities with both ambulatory and inpatient data {Harbor-UCLA Medical Center (H-UCLA MC), LAC+USC Medical Center (LAC+USC MC), Olive View-UCLA Medical Center, and Rancho Los Amigos National Rehabilitation Center}, and two IT facilities with ambulatory data only {High Desert Regional Health Center and Martin Luther King, Jr. Outpatient Center (MLK OC)}. DHS's Comprehensive Health Centers (CHCs) and Health Centers (HCs) are included in clusters with each of the six IT centers. Once ORCHID is fully implemented, DHS data will no longer be divided into six Clusters, but will be integrated into one enterprise-wide Electronic Health Record (EHR) solution.

The sequence of ORCHID implementation was based on the Clusters of hospitals, CHCs, and HCs, taking into consideration then known capital projects and moves to new facilities, the readiness of the specific Cluster (including infrastructure and organizational adoption to this enterprise change), as well as how implementation teams could work most efficiently, and in sync based on the size, nature of services (inpatient/ambulatory) and number of clinics associated with each facility. Finally, the ORCHID implementation order sought to minimize risks and maximize benefits to the County by, for example, placing the LAC+USC Cluster in the implementation schedule, to allow for County team learning and experience to be developed, but also to allow, implementation of the largest patient care Cluster as early as advisable for the County.

In order to balance the readiness of the system and testing results, as well as the need to address unforeseen issues with the need for timely implementation, on December 3, 2013, DHS requested

and received delegated authority from the Board to amend the Cerner Agreement to revise the “Go-Live” dates by up to 120 days total for all Clusters and to move any individual “Go-Live” for a Cluster to the first of a month. There was no change in the Maximum Contract Sum initially approved by the Board on November 27, 2012.

In May 2014, DHS advised the Board that it intended to postpone the August 1, 2014 target “Go-Live” at H-UCLA MC to November 1, 2014, which also moved the “Go-Live” dates for subsequent Clusters. Attachment A shows the initial and current “Go-Live” schedule which will provide a baseline for the Board to reference for any future “Go-Live” date adjustments. In making this adjustment, DHS used 92 days of the 120 granted to it, leaving 28 days of delegated authority to use to adjust any remaining Go Live dates.

ORCHID was successfully deployed at H-UCLA MC on November 1, 2014 and MLK OC on February 1, 2015. DHS advised the Board on April 9, 2015 that the LAC+USC MC Cluster “Go-Live” was postponed from May 1, 2015 until May 29, 2015, in order to address some issues that arose with the deployment at that facility. With this adjustment, DHS will have used all authority previously delegated to it to extend “Go-Live” dates, and now requires additional delegated authority for any subsequent “Go-Live” dates to be extended.

## Recommendations

Approval of the first recommendation will enable the Director to amend the Agreement with Cerner to revise the date of any “Go-Live” date, task, deliverable or event in all remaining Clusters in order to account for any unexpected delays to the project schedule. Once the successful completion of the LAC+USC MC “Go-Live” occurs, DHS will be delivering approximately 75% of its patient care on ORCHID. The “Go-Live” dates for the remaining 25% of DHS patient care will also need to be adjusted, in a manner incorporating lessons learned and minimizing system impact. ORCHID project staff remains at a Cluster during a stabilization period of at least 60 days after “Go-live” before they can move on to the next Cluster. Therefore, the original timing of Go-Live events must be adjusted to permit “Go-Live” events at the remaining Clusters to occur with sufficient spacing between them to permit stabilization at a cluster before moving to the next. DHS is requesting authority to revise the date of any “Go-Live” date, task, deliverable, or event in all remaining Clusters if determined by the Director to be in the best interest of the ORCHID Project, and the County on condition that such revisions together do not cause the “Go-Live” at the last DHS facility to occur any later than June 1, 2016. Any amendments to the Cerner Agreement will be approved by County Counsel, in conjunction with outside counsel and CIO, with notification provided to the Board and CEO.

Approval of the second recommendation will enable the Director, or his designee, to modify or waive the indemnification and insurance requirements of the County's standard subcontracting and license provisions, including as set forth in Exhibit DD (Form Subcontractor Agreement) of the Cerner Agreement, with respect to Cerner Subcontractors and third-party licensors, on condition that Cerner and its Subcontractors' and licensors' obligations and accountability to County are not materially diminished by any such modification. Prior to executing any such actions, the Director, after consultation with County Counsel, outside counsel and the CEO-Risk Manager, will make a determination that the risk of such modifications are outweighed by the ORCHID objectives to be achieved.

Approval of the third recommendation will enable the Director to amend the current Agreement with Gartner to increase the maximum Agreement Sum for additional specialized consulting services beyond what is set forth in the current Agreement. Pursuant to the Agreement, Gartner provides baseline and ongoing project risk assessment and reporting; ongoing quality control and quality

assurance services to monitor compliance with ORCHID project and Cerner agreement requirements; and periodic quality assurance reviews of project status, and key deliverables and outcomes.

Gartner's third-party oversight, quality assurance, and capacity building services in the ORCHID program have been a key element in the project's early and ongoing accomplishments. While it was initially understood that there would be a need for some capacity building services, the actual need identified has been greater than anticipated. Gartner's services are necessary to provide support during the remaining ORCHID implementation. ORCHID Go-Live events have required the ORCHID team to concurrently focus on implementation and support activities. This has resulted in intensified capacity building to ensure safe transition to stable EHR operations. Under this agreement, there has been consistency of key Gartner personnel with unique skill sets which has ensured continuity, adding to the success of ORCHID.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 1, Operation Effectiveness/Fiscal Sustainability, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

Funding for the recommended actions is included in the Fiscal Year (FY) 2014-15 Final Budget and will be requested in future fiscal years as needed, funded out of existing resources.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

#### **Cerner Agreement**

The Cerner Agreement was initially approved by the Board on November 27, 2012, and has been amended twice. Amendment Number 1, approved by your Board on December 13, 2013, allowed the DHS Director to adjust "Go-Live" dates for up to 120 days across all Clusters, with no change to the Maximum Contract Sum. Amendment Number 2, approved by the Board on September 16, 2014, allowed DHS to expend Pool Dollars for the acquisition of Cerner's address verification and validation software, and to permit DHS to access Pool Dollars prior to "Go-Live" for additional professional services and the purchase of new software licenses.

#### **Gartner Agreement**

On May 14, 2013, the Board approved a Sole Source Agreement with Gartner for the period May 14, 2013 through May 31, 2016 with a Maximum Contract Sum of \$3,077,344 for that period, with two one-year options to extend the Agreement through May 31, 2018, and increase the maximum amount by \$837,262 for the period June 1, 2016 through May 31, 2017 and \$746,037 for the period June 1, 2017 through May 31, 2018.

#### **Use of Outside Counsel**

Because of the importance of this project, DHS continues to retain Foley & Lardner, LLP in

conjunction with County Counsel, to advise on implementation and contract issues.

The CIO has reviewed the recommended actions and there is no ongoing concern. The Gartner Amendment is to enable provision of additional consulting services associated with the extension of the "Go-Live" timeline. The CIO has determined that no new technology analysis is required at this time.

## **CONTRACTING PROCESS**

### **Cerner Agreement**

On November 15, 2011, DHS released a Request for Proposal (RFP) for ORCHID, which contained detailed minimum qualifications which vendors were required to meet in order to proceed to the second phase, which was the submission of a substantive proposal. By the minimum mandatory proposal submission deadline of December 9, 2011, DHS received six proposals. All six proposals were reviewed; two met the minimum qualifications and four were deemed not qualified. Two vendors submitted protests and, after conferring with County Counsel and outside counsel, DHS determined the protests lacked merit. DHS denied both, and neither vendor pursued the decisions.

By March 1, 2012 deadline, DHS received proposals from two qualified proposers, Cerner and Epic Corporation. The proposal evaluation process was a complex undertaking with over 150 individuals representing all segments of DHS, as well as subject matter experts. The evaluation committee was comprised of 18 different subgroups, and the evaluation process itself had many steps. The informed averaging process was used to evaluate the two proposals. At the conclusion of the evaluation process, Cerner was the top-ranked and was recommended to the Board for approval of an agreement. There were no protests as a result of this solicitation.

The requested action will permit the Cerner Agreement to be amended.

### **Gartner Agreement**

The Board was notified on October 3, 2012 of DHS' intent to enter into sole source negotiations with Gartner for consulting services related to project oversight and quality assurance to support implementation of the Department's at that time unnamed Electronic Health Record System, now known as ORCHID. Gartner was selected for the proposed consulting services Agreement based on several factors, including the depth and breadth of its experience on the ORCHID project's procurement and contracting process.

The goal of the engagement is to ensure the success of the ORCHID implementation (i.e., the system will be developed and delivered on time, within budget, and with the full scope of functionality envisioned). A key factor in selecting Gartner was its experience with DHS staff, along with its understanding of DHS's environment, and its depth and participation in the ORCHID procurement planning and contract development process. Gartner has extensive experience and knowledge of both DHS and ORCHID. Initially working under a competitively bid Information Technology Support Services Master Agreement (ITSSMA) Work Order, Gartner worked closely with DHS, County Counsel, and outside counsel, Foley and Lardner, LLP, to help lead the development of the Department's ORCHID strategy, structure of the system's governance process, and the rigorous and highly structured procurement process. Gartner continued to partner with the project team during the Cerner Agreement negotiations and, during that time, Gartner worked extensively with DHS staff

in the development and oversight of the Cerner Agreement's Statements of Work, the completion of which will be integral to ORCHID's success.

All of these factors uniquely situate the firm to support DHS during the design, build, and implementation of the new system. DHS determined that it is not feasible to conduct a Request for Proposals (RFP) process to obtain additional consulting services, as another firm would not bring the same experience to project and because the timeframe for ORCHID implementation necessitates service continuity. The recommended amendment will increase services under the current agreement.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will enable DHS to implement a centralized, standardized, enterprise-wide EHR system, which will ensure that patients who seek services at any location within DHS will receive, consistent care, supported by the same EHR across the entire care continuum.


Respectfully submitted,



Mitchell H. Katz, M.D.

Director

Reviewed by:



RICHARD SANCHEZ

Chief Information Officer

MHK:RS:kh

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

<b>Facility/Cluster</b>	<b>Initial Go-Live Date</b>	<b>Current Go-Live Date <sup>(1)</sup></b>	<b>Status</b>
Harbor-UCLA Medical Center and associated clinics	6/23/14	11/1/14	Successfully implemented 11/1/14
Martin Luther King, Jr. Outpatient Center and associated clinics	8/18/14	2/1/15	Successfully implemented 2/1/15
LAC+USC Medical Center and associated clinics	2/2/15	5/29/15	
High Desert Regional Health Center and associated clinics	7/6/15	8/1/15	
Rancho Los Amigos National Rehabilitation Center	9/7/15	11/1/15	
Olive View-UCLA Medical Center and associated clinics	11/16/15	2/1/16	

Note:

(1) Based on delegated authority approved by the Board December 3, 2013, adjusted Harbor Cluster and subsequent Clusters